As far as direct taxes are concerned, the total demand outstanding on 31.03.2006 and 31.03.2007 is Rs. 92084 crore and Rs.116453 crore respectively. However, out of the above demand only Rs. 6373 crore and Rs. 12539 crore is recoverable for 2005-06 and 2006-07 respectively.

(b) The total amount of arrears recovered so far is under:

(Rs. in crore)

Tax Head	Financial Year 2005-06	Financial Year 2006-07
Direct Taxes	24,453.00	31,593.00
Indirect Taxes	3,139.65	3,466.90

(c) The details of disputed amounts in respect of direct and indirect taxes are as under:

Tax Head	2005-06	2006-07
Direct Taxes	63,385.00	67,142.00
Indirect Taxes	16,621.29	20,594.05

Asset Reconstruction Companies

1176. SHRI RAJEEV CHANDRA SEKHAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the default retail debts amounting to hundreds of crores have been transferred by private/Government Banks to Asset Reconstruction Companies;

(b) what is the actual total amount of retail assets gone bad transferred to Asset Reconstruction Companies;

(c) who is responsible for overseeing Asset Reconstruction Companies and how do they recover these bad loans;

(d) whether it is also a fact that these Asset Reconstruction Companies are in turn often selling these bad debts at huge discount; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Reserve Bank of India (RBI) has reported that till December 31, 2007 default retail debts amounting to Rs. 36,235.56 Crore (Book value) have been transferred by the private/Government Banks/Financial Institutions (FIs) to six Asset Reconstruction Companies (ARCs) registered with RBI, at an acquisition price of Rs. 9,159.73 Crore.

(c) RBI is responsible for overseeing the operations of ARCs. These companies are granted the Certificate of Registration by RBI under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002).

RBI has prescribed detailed guidelines on sale of financial assets by banks/FIs to Securitisation Company (SC)/Reconstruction Company (RC) *vide* Circular dated April 23, 2003. These guidelines prescribed the following:

The SARFAESI Act, 2002 allows acquisition of financial assets by SC/RC from any bank/FI on such terms and conditions as may be agreed upon between them. This provides for sale of the financial assets on 'without recourse' basis, *i.e.* with the entire credit risk associated with the financial assets being transferred to SC/RC, as well as on 'with recourse' basis, *i.e.*, subject to unrealized part of the asset reverting to the seller bank/FI. They are, however, directed to ensure that the effect of the sale of the financial assets should be such that the asset is taken off their books. After the sale there should not be any known liability devolving on the banks/FIs.

Banks/FIs, which propose to sell to SC/RC their financial assets should ensure that the sale is conducted in a prudent manner in accordance with a policy approved by their Board. The Board shall lay down policies and gidelines covering, *inter alia,* financial assets to be sold, norms and procedure for sale of such financial assets, valuation procedure to be followed and delegation of powers of various functionaries.

Each bank/FI will make its own assessment of the value offered by the SC/RC for the financial asset and decide whether to accept or reject the offer. Under no circumstances can a transfer to the SC/RC be made at a contingent price whereby in the event of shortfall in the realization by the SC/RC, the banks/FIs would have to bear a part of the shortfall.

(d) and (e) Since ARCs operate on commercial lines it is unlikely that assets at huge discounts to purchase value are sold.

Rescheduling of loans given to poultry units

1177. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has directed all the Scheduled Commercial Banks to reschedule loans given to the poultry units across the country;

(b) if so, whether any cut off date has been fixed to treat the rescheduled or converted loans as current dues;

(c) if so, the details thereof and also the breakup of loans that have been rescheduled due to the said initiatives, State-wise;

(d) whether any such guidelines have been issued to co-operative banks, regional rural banks and National Bank for Agriculture and Rural Development; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (e) Keeping in view the loss of income that has occurred due to culling of birds as well as steep fall in the demand for poultry products and their prices due to the recent outbreak of Avian Influenza (bird flu) in some areas of the country, Reserve Bank of India (RBI), *vide* its circular dated February 19, 2008 has advised the scheduled commercial banks to extend the following benefits to the poultry units:

(i) Principal and interest due on working capital loans as also installments and interest on term loan, which have fallen due for payment on/after the onset of bird flu, *i.e.* December 31, 2007 and remaining unpaid may be converted into term loans. The converted loans may be recovered in installments based on projected future inflows over a period up to three years with an initial moratorium of up to one year (the first year of repayment may be fixed after the expiry of moratorium period).